

**Utah Insurance Department  
Content Standards  
Individual Annuity  
(Single and Flexible Premium Deferred, Fixed Interest, including Fixed Interest Sub-Accounts)**

NOTE: These Standards are provided to assist the insurer in filing forms and rates. They are not intended to be all inclusive and are a work in progress. References beginning with "31A" refer to the insurance code as part of Utah Code Annotated (U.C.A.) and those beginning with "R590" refer to department rules as part of the Utah Administrative Code (U.A.C.). The comments are a brief synopsis of the referenced material and do not contain all requirements or exceptions. All references should be reviewed for compliance. **As required by U.C.A. § 31A-21-201(2), the insurer is responsible for assuring that forms and rates submitted are in compliance with the Utah Insurance Code and Rules.**

GENERAL REQUIREMENTS		
Annuity Filing Rule	R590-227	R590-227 may be found at the Department's website: <a href="http://www.insurance.utah.gov/rules/R590-227.htm">http://www.insurance.utah.gov/rules/R590-227.htm</a> .
Accurate, Consistent and Complete Filing Data	31A-2-202(6) R590-227-5	All filing information and data must be accurate, complete and consistent within all filing documents. The data page must contain amounts consistent with the actuarial memorandum and demonstration of values. Failure to comply may subject the insurer to the enforcement penalties under 31A-2-308.
Application	31A-21-201(3) R590-93-7 R590-93-8	An application must identify the insurer's name and address; must contain a replacement statement to be signed by the applicant and a statement to be signed by the agent. Negative enrollment or negative consent is not allowed.
Assignment	31A-22-412	An assignment provision must allow the owner of any rights in the contract to assign any of those rights.
Cash Surrender Option	31A-22-409(6) 31A-22-409(7)	The contract must clearly disclose the conditions for cash surrender.
Certification of Compliance	R590-227-3 R590-227-6(2)	Annuity Certification may be found at: <a href="http://www.insurance.utah.gov/rules/R590-227AnnCert.pdf">http://www.insurance.utah.gov/rules/R590-227AnnCert.pdf</a>
Claims Settlement	31A-26-301(1) R590-191-4 R590-191-5	All proceeds and claims settlement provisions must provide for prompt claim handling. Interest must be paid if the claim is not settled within 15 days of completion of the investigation.
Coverage Name, Description & Special Features	31A-21-201(3)(a)	The coverage name or title, a brief description of the coverage and any special features must be disclosed on the contract cover.
Data Page	R590-86 R590-227-7 R590-227-8	<p>Sample data page(s) must be complete to sufficiently disclose each interest rate methodology such as interest terms, investment strategies, index options, varying surrender charge schedules, loads, market value adjustments, and any other factors that are available in the submitted form. As appropriate, submit one data page for each product design.</p> <p>Data page(s) must be completed with data that is accurate and consistent with all filing documents. Premium amounts, values, and charges must be consistent with the actuarial memorandum and demonstration.</p> <p>NOTE: For the floating nonforfeiture interest rate method, if the minimum guaranteed crediting rate in any year is lower than the nonforfeiture rate, then the data page must disclose the nonforfeiture rate and describe the minimum guaranteed cash surrender amount (the nonforfeiture floor) in detail based on 87½% of the premium accumulated at the nonforfeiture rate.</p> <p>A data page may not be submitted by itself to change a basic feature, such as the guaranteed minimum interest rate, of a contract. The entire contract must be filed.</p>
Death Benefit	31A-22-409	The contract must clearly describe the death benefit and how the proceeds are determined.
Deferral of Surrender Value	31A-22-409(3)	The right to defer the surrender value for six months must be contained in the contract.

	R590-98	
Entire Contract Provision	31A-22-424	Entire contract provision must define the documents and agreements that constitute the entire contract between the insurer and the policyholder. Except as permitted by 31A-21-106, all documents and agreements must be attached to the contract.
Examination Period (Free Look)	31A-22-423 R590-93	A minimum examination period of 10 days for new issues and 20 days for replacement policies must be prominently printed on the cover page.
Filing of Forms	31A-21-201 R590-227-5 R590-227-7	Forms are accepted on a "FILE AND USE" basis. It is the insurer's responsibility that the filing is in compliance with Utah law and rules.
Floating Nonforfeiture Interest Rate Method	31A-22-409(3) 31A-22-409(5) R590-227	NOTE: House Bill (HB) 52 became effective May 3, 2004. See other sections of this standard and refer to the <u>Annuity Filing Guidelines</u> on the department's website at <a href="http://www.insurance.utah.gov/rules/R590-227Nonforfeiture.pdf">http://www.insurance.utah.gov/rules/R590-227Nonforfeiture.pdf</a> .
Incontestability	31A-22-403	Incontestability provision must state that if the contract is contestable, it is incontestable after it has been in force during the lifetime of the insured for a period of two years or less. The code does not allow an exception for fraud.
Insurer Name	31A-21-201(3)(a)(iii) 31A-21-301(1)(a)	The exact name of the insurer, the administrative office address, and state of domicile must be identified conspicuously on the contract.
Interest Rates, Expenses, Charges	31A-21-201 31A-22-409	<p>All guaranteed interest rates, surrender charges, and partial withdrawal charges, any initial guaranteed interest rates, and any other factors that may affect the values must be disclosed and described in the contract in detail. <u>U.C.A. § 31A-22-409(3) requires an annuity contract to contain sufficient information to determine the cash surrender value, death benefits, and minimum paid-up annuity benefits.</u></p> <p>NOTE: For the floating nonforfeiture interest rate method, if the minimum guaranteed crediting rate in any year is lower than the nonforfeiture rate, then the contract must:</p> <ul style="list-style-type: none"> <li>• Disclose the nonforfeiture rate on the data page;</li> <li>• Describe the nonforfeiture amount (the floor) in detail based on 87½% of the premium accumulated at the nonforfeiture rate; and</li> <li>• Include a provision in the contract that the interest credited in any year will be sufficient to keep the values under the contract at least as great as the minimum nonforfeiture amount.</li> <li>• If the nonforfeiture interest rate will be redetermined, the contract must state: the initial period, the redetermination date, the redetermination basis, and the redetermination period.</li> </ul>
Legal Actions & Limitation of actions	31A-21-313 31A-21-314	An insurance contract may not limit the time for beginning an action to earlier than 60 days after proof of loss has been furnished as required by the contract. An insurance contract not contain a provision limiting the right of action against an insurer to less than three years from the date the cause of action accrues. The provision cannot prescribe in what court an action may be brought.
Maturity Date	31A-21-201 31A-21-301(1)(f) 31A-22-409	The maturity or annuitization date must be disclosed. The contract must clearly disclose whether or not the policyholder can select or change the maturity date. If the contract is tax-qualified, provisions must allow for compliance with withdrawal requirements of Internal Revenue Code.
Minimum Premium	31A-21-302	The contract shall state any minimum premium requirements.
Misstatement of Age or Sex	31A-22-405	The contract must state that if the age and/or sex of the insured is misstated in an application and the error is not adjusted during the person's lifetime, the amount payable is what the premium paid would have purchased at the correct age and/or sex.
Modification or Amendment of Contract	31A-21-106(2)	No contract, rider or endorsement may contain unilateral provisions that allow the company "in its sole discretion" to limit the policyholder's rights. A contract may not be modified unless the modification is in writing and "agreed to by the party against whose interest the modification operates".
Nonforfeiture Provisions	31A-22-409, Bulletin 2002-6 Bulletin 2002-9	<p>The contract must contain provisions at least as favorable as the following:</p> <p>(a) Upon cessation of payments, the company will grant a paid-up annuity benefit.</p> <p>(b) A statement in the contract of the interest rates used in calculating the minimum paid-up annuity, cash surrender and death benefits guaranteed, together with sufficient information for the policyholder to determine the amounts of such benefits. The sufficient information includes all expense, withdrawal and surrender charges.</p> <p>(c) A statement that any paid-up annuity, cash surrender or death benefits that may be available under the</p>

		contract are not less than the minimum benefits required by any law in state where the contract is delivered. (d) An explanation of the manner in which benefits are altered by the existence of any additional amounts credited by the company, any indebtedness or any prior withdrawals or partial surrenders.
Proof of Loss	31A-21-312 Bulletin 87-6	Proof of loss provision must allow the insured or claimant to file proof of loss as soon as reasonably possible.
Settlement Options	31A-22-406	If the contract provides that proceeds may be payable in installments that are determinable at the issue of the contract then it shall provide a table showing the amounts and intervals of the installments.
Termination Option	31A-22-409(3)	The contract may provide that if no consideration has been received for two years and the portion of the paid-up annuity benefit at maturity would be less than \$20 monthly, the company may terminate the contract by payment in cash of the present value of the paid-up benefit.
Unfair, Misleading, Deceptive Provisions.	31A-21-201(3)(a)	Forms may not be inequitable, unfairly discriminatory, misleading, deceptive, obscure, unfair, encourage misrepresentation, or not in the public interest. The contract may not contain inconsistent, ambiguous or misleading clauses, or contain exceptions and conditions that unreasonably affect the benefits purported to be provided in the general coverage of the contract.
Values	31A-22-409(4) - ( 3% Fixed Interest Rate Law)  31A-22-409(5) - (Floating Interest Rate Law)  Bulletin 2002-6 Bulletin 2002-9	<p>The Standard Nonforfeiture Law applies to non-registered, general account contracts and fixed accounts in a variable annuity. Guaranteed cash values must be in compliance with the Standard Nonforfeiture Law for Deferred Annuities.</p> <p>NOTE #1: Utah's Nonforfeiture law was revised effective May 3, 2004 to allow the floating interest rate methodology. Refer to the ANNUITY FILING GUIDELINES at: <a href="http://www.insurance.utah.gov/rules/R590-227Nonforfeiture.pdf">http://www.insurance.utah.gov/rules/R590-227Nonforfeiture.pdf</a>.</p> <p>NOTE #2: Utah's nonforfeiture law was revised effective May 6, 2002. Refer to Bulletins 2002-6 and 2002-9. Note the definition of maturity date for the purpose of determining minimum nonforfeiture values. U.C.A. § 31A-22-409(8)(b) requires that on or past the maturity date, the cash surrender value must be equal to the amount used to determine annuity benefits. A surrender charge may not be imposed on or past this date. <b>Surrender charges at the later of attained age 70 or the tenth anniversary must equal zero.</b> Surrender charges for seniors (ages 60+) are limited to 10 years and are generally limited to a maximum initial charge of 10%.</p> <p><u>Guaranteed Minimum Interest Rate:</u> If the contract guarantees an interest rate of less than the nonforfeiture rate, then the contract must contain a floor of guaranteed minimum cash surrender values: such as 90% of premium accumulated at 3% - (3% fixed interest law) OR 87½% accumulated at the nonforfeiture rate (floating interest law).</p> <p><u>Equity Indexed Annuities:</u> All Equity Index Annuity contracts must provide a floor of minimum values (90% of the premium accumulated at 3% interest or 87½% of premium accumulated at the nonforfeiture rate) to comply with the applicable nonforfeiture law.</p> <p><u>A Market Value Adjustment (or similar adjustment) is allowed only during periods of fixed interest rate guarantees contained in the contract.</u> A market value adjustment must be <u>limited</u> so as to not invade minimum nonforfeiture values required by the retrospective test of the nonforfeiture law.</p> <p><u>Renewing term annuities</u> that renew surrender charges must provide that the ending term value becomes vested for subsequent terms. <u>The contract must provide for a reasonable time period at renewal (a window) during which the contract can be surrendered free of surrender charges or any other penalties.</u></p> <p><u>Rolling surrender charges,</u> flexible premium contracts with separate surrender charge schedules associated with each premium payment must provide values at least as great as separate single premium payments (the contract must provide a minimum of 90% of net premium accumulated at 3% interest). The contract partial withdrawal provision must allow for withdrawal s subject to the smallest surrender penalty first (<u>commonly referred to as first-in first-out - FIFO</u>).</p>

		<u>Strategies and Options:</u> Contracts that contain multiple accounts, strategies and options with different guaranteed elements, must comply individually to the Standard Nonforfeiture Law. A sample data page must be submitted for each account, strategy and/or option
Variability - (bracketed data)	31A-21-201 R590-227-6 R590-227-7	<p>Any information that is variable must be bracketed and must be explained in a statement of variability or all items of variability must be listed within brackets. Any change in the items contained within the brackets or on the statement of variability must be refiled prior to use.</p> <p>(a) For the 3% fixed interest rate method, the guaranteed minimum interest crediting rate may not be a variable item.</p> <p>(b) For the floating nonforfeiture interest rate method, the guaranteed crediting interest rate may be in brackets [1% - 3%]. Include the following:</p> <ul style="list-style-type: none"> <li>• Description of the method used to calculate the nonforfeiture rate;</li> <li>• Description of whether the rate is set for the life of the contract or may be redetermined;</li> <li>• Identify the guaranteed crediting rate for current issues;</li> <li>• Description of the <u>relationship</u> of the minimum guaranteed crediting rate in the contract to the nonforfeiture rate.</li> </ul>

## MARKETING AND DISCLOSURE FORMS

Annual Report	R590-227-6	The report must include the beginning and ending dates, the account value and surrender value, and total amounts credited, charged or paid during the report period.
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## ACTUARIAL DOCUMENTS

Actuarial memorandum, demonstration, and certification of compliance	<p>Standard Valuation Law 31A-17 Part 5</p> <p><u>Standard Nonforfeiture Law for Deferred Annuities, U.C.A. 31A-22-409(4) - (Fixed Interest Method)</u></p> <p><u>Standard Nonforfeiture Law for Deferred Annuities, U.C.A. 31A-22-409(5) - (Floating Interest Method)</u></p> <p><u>Annuity Mortality Tables</u> R590-96</p> <p><u>Annuity Filing Rule:</u> R590-227-6 R590-227-8</p> <p><u>Annuity Nonforfeiture Law Interpretation</u> Bulletin 2002-6 Bulletin 2002-9</p>	<p>Actuarial memorandum, demonstration, and Certification of Compliance must be currently signed and dated by the actuary responsible for the certification.</p> <p>During the period June 1, 2004 to June 1, 2006, Utah's nonforfeiture law allows use of both the 3% fixed interest method and the floating interest rate method. However, insurers must identify which law applies to the annuity being submitted on a "contract form by-contract form" basis. <u>Therefore, R590-227-8.(5)(b), requires the actuarial memorandum to specifically identify the specific subsection of the Utah nonforfeiture law which applies to the submitted annuity.</u></p> <p>For annuities using the floating interest rate method, refer to ANNUITY FILING GUIDELINES found on the website: <a href="http://www.insurance.utah.gov/rules/R590-227Nonforfeiture.pdf">http://www.insurance.utah.gov/rules/R590-227Nonforfeiture.pdf</a>. The guidelines provide a list of items to be provided, at a minimum.</p> <p>ANNUITY FILING RULE R590-227-8 requires:</p> <p>ACTUARIAL MEMORANDUM:</p> <p>(a) Identify the specific subsection(s) of the nonforfeiture law that applies to the annuity submitted;</p> <p>(b) Describe all provisions in detail, including both guaranteed and nonguaranteed factors;</p> <p>(c) Identify the guaranteed <u>minimum values</u> provided by the contract including:</p> <ul style="list-style-type: none"> <li>• Formulas to calculate minimum guaranteed values provided by the contract;</li> <li>• Interest crediting rate(s);</li> <li>• Describe in detail the method of crediting interest including:</li> <li>• Guaranteed fixed interest rates</li> <li>• Guaranteed interest terms</li> </ul> <p>(d) Identify and describe all charges, fees, loads, bonuses, market value adjustments, and any other factors used to calculate the guaranteed <u>minimum nonforfeiture</u> values required by law;</p>
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